Renewable Energy Taskforce
Pilot Program for the Procurement of SRECs
Updated May 2, 2012

Priority Questions for the Taskforce to Consider:

- What should be the process for making future decisions that have competitive implications, such as allocating SREC quantities among tiers and setting prices?

Design Goals:

1. Minimize costs

- How can the program be designed to minimize ratepayer costs given the other objectives set forth in REPSA?

2. Maximize in-state generation and manufacturing

- How can the program be designed with regard to the objective of "maximizing in-state solar renewable energy generation and local manufacturing," recognizing that REPSA includes 10% bonus provisions for in-state workforce and manufactured content?

3. Market Stability

- How can we avoid boom/bust cycles?
- How do we meet long term targets?
- How can we stay under price caps?
- How do we avoid structural oversubscription?

Design Elements:

1. Tier size and allocation	***Straw-man proposal***
A. Should procurements continue to be by tier?	
B. If so, how many should there be?	
C. What should be the dividing line between different tiers?	
D. Is tiering by size only for "new" systems?	
E. If so, what defines "new"?	
F. If so, how much of the total amount goes to "new" systems?	

2. Pricing	***Straw-man proposal***
A. Should SREC prices be set by competitive bidding, administratively-set pricing, or some combination of the two? If administratively-set pricing will be used again, what has been learned from the Pilot Program that would be useful in future determinations of prices? Is the Green Energy Fund grant (or equivalent) enough of an adder?	*Prices for smaller systems could be linked to auction prices in larger tiers by a percentage or fixed amount.*

B. Treatment of systems with different grant values: How to estimate? Is it any for administratively set or all bids? Different programs have different grant amounts.	
C. Treatment of systems by vintage?	

3. Long term contracts	***Straw-man proposal***
A. What tiers and vintages should get long term contracts?	
B. What should be the contract length? (7, 10, 15, 20 years?)	
C. What happens to SRECs after the contract?	
D. How to ensure production in later years? (Enforcement? Low prices?)	
E. Minimum production requirement with penalties for under-production?	

4. Auction structure	***Straw-man proposal***
A. Why should owners bid through an aggregator?	*Optional, not required.*
B. Is there sufficient site control to prevent speculation?	*As is.*
C. Market dominance issues.	*As is.* *Dale Davis: If procurement structure changes this may need re-visiting.*
D. Meeting statutory objective of "maximizing in-state solar renewable energy generation and local manufacturing."	

5. Overall size of the next procurement and impacts on future years	***Straw-man proposal***
A. How many SRECs should be procured in total relative to projected need for SRECs (including concerns of boom/bust, 3rd party transfer contracts, and cost caps)?	
B. How to address uncertainty and delay with 3rd party contract data?	
C. How many auctions to have in the next compliance year?	

6. Existing Systems (pre-Dec. 2010 interconnection)	***Straw-man proposal***
A. How should consideration be given to pre-existing solar installations in Delaware?	
B. Should existing systems get medium-long term contracts vs. annual purchases?	

C. Should existing systems be allocated a percentage of SRECs?	
D. Should existing systems be competitively bid vs. administratively set prices?	
E. What happens to existing systems (connected after Dec. 2010) that didn't get a contract in the Pilot 1.0?	
F. Will future procurements have any distinction by installation date?	
G. Should there be differential treatment re Del. labor, manufacturing bonus for existing vs. new systems?	